

PUBLIC DISCLOSURE

October 24, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

REVERE FIREFIGHTERS CREDIT UNION

CERT # 67851

**4 FREEMAN STREET
REVERE, MASSACHUSETTS 02151**

**Division of Banks
1000 Washington Street, 10th Floor
Boston, MA 02118**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) to use its authority when examining financial institutions subject to its supervision, to assess the institution’s record of meeting its needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution’s record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of Revere Firefighters Credit Union (the “Credit Union”), prepared by the Division, the institution’s supervisory agency, as of October 24 2012. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts regulation 209 CMR 46.00.

INSTITUTION’S CRA RATING: This institution is rated Satisfactory.

An institution in this group has an adequate record of meeting the credit needs of its membership, including low- and moderate-income members, in a manner consistent with its resources and capabilities.

According to CRA regulations, an institution shall delineate one or more assessment areas in which the institution will serve to meet the credit needs and by which the Division will evaluate the institution’s CRA performance. Credit unions whose membership by-law provisions are not based upon residence are permitted to designate its membership as its assessment area.

This evaluation is based on the Small Institution CRA evaluation procedures specified for institutions with assets under \$290 million. A summary of the Credit Union’s performance is provided below.

- The Credit Union’s average net LTS ratio for the past eight quarters was 14.1 percent and is considered reasonable. The net LTS ratio is primarily influenced by the size of its membership, its resources, and its loan product line.
- The Credit Union’s distribution of borrowers reflects, given the characteristics of its membership, adequate penetration of low- and moderate-income borrowers.
- No CRA-related complaints received during the evaluation period.

SCOPE OF EXAMINATION

This evaluation considered the Credit Union’s lending from January 1, 2010 through December 31, 2011. The Credit Union only originates consumer loans. The four categories of consumer loans offered by the Credit Union are unsecured personal loans, new vehicle loans, used vehicle loans, and home improvement loans.

This evaluation considered all consumer loans originated during 2010 and 2011. A total of 39 loans were originated: 29 unsecured personal loans and 10 used vehicle loans. Borrower income information was derived from the City of Revere Payroll for 2010 and 2011. All loan applications during the evaluation period resulted in originations.

PERFORMANCE CONTEXT

Description of Institution

Revere Firefighters Credit Union is a co-operative financial institution chartered by the Commonwealth of Massachusetts in 1957. Membership in the Credit Union is limited to those who are permanent and retired members of the Fire Department of the City of Revere. The Credit Union currently has 190 members. The Credit Union's only office is located inside the fire house at 4 Freeman Street, Revere, Massachusetts. The Credit Union is open from 9 AM to 2 PM on Monday, Wednesday and Friday and is operated by one part time staff member.

The primary activities of the Credit Union are savings and originating consumer loans. Member shares are deposited using direct-deposit through payroll deduction. All deposits are held at a local bank. All checking and withdrawal activity is done by the manager of the Credit Union during the hours of operation. All loan payments are automated through payroll deductions.

The Credit Union offers the following products to its members: Unsecured Loans and Lines of Credit, auto loans (new and used) and home improvement loans. It should be noted the Credit Union did not originate a home improvement loan during the review period.

As of June 30, 2012, the Credit Union had total assets of \$5.7 million. This represents a 21.3 percent increase since the prior evaluation. The Credit Union's loan portfolio decreased 24.5 percent over the same period, with net loans totaling \$718,063 as of June 30, 2012. Management indicated the increase in share deposits is directly related to the fact members continue to take advantage of the favorable interest rate offered on share accounts and the convenience of depositing at the Credit Union. The loan volume has failed to maintain pace with deposits due to the historically low interest rates available on loan products at other institutions with which the Credit Union cannot compete due to its size, staffing and lending expertise. The loan portfolio accounts for 12.5 percent of the Credit Union's assets. Refer to Table 1 below for detailed information regarding the Credit Union's loan portfolio.

Table 1 - Loan Portfolio as of June 30, 2012		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans (%)
Unsecured Loans/Lines of Credit	435,693	60.7
New Vehicle Loans	28,709	4.0
Used Vehicle Loans	230,320	32.1
Total Other Real Estate Loans/Lines of Credit	23,341	3.3
Total Loans	718,063	100.0

Source: 5300 Report, Statement of Financial Condition as of 6/30/12, Due to rounding, percentages may not equal 100

As displayed above, the largest proportion of the Credit Union's loan portfolio is comprised of unsecured loans/lines of credit, representing 60.7 percent, followed by used vehicle loans, which represent 32.1 percent.

The Credit Union was last examined for compliance with the CRA on May 5, 2008. The examination resulted in a CRA rating of Satisfactory.

There are no apparent financial or legal impediments limiting the Credit Union's ability to help meet the credit needs of its membership. However, the Credit Union's relative small size and product offering does affect its ability to compete for loan products.

Description of Assessment Area

In accordance with 209 CMR 46.41, the Credit Union defines its assessment area as its membership. According to the Credit Union's by-laws, membership is limited to "those who are permanent and retired members of the Fire Department of the City of Revere, except that persons not so eligible to membership may have joint accounts with members of the Credit Union for the purpose of deposit and withdrawal only." As previously noted, the Credit Union has 190 members which represents approximately 98 percent of potential members. The Credit Union has virtually no ability to expand its membership and, because of the limitation imposed on certain joint account holders, even less ability to expand its lending volume through increased membership.

Because the Credit Union's membership is not based on geographic boundaries, this evaluation did not include an analysis of lending by geographic location of the borrower.

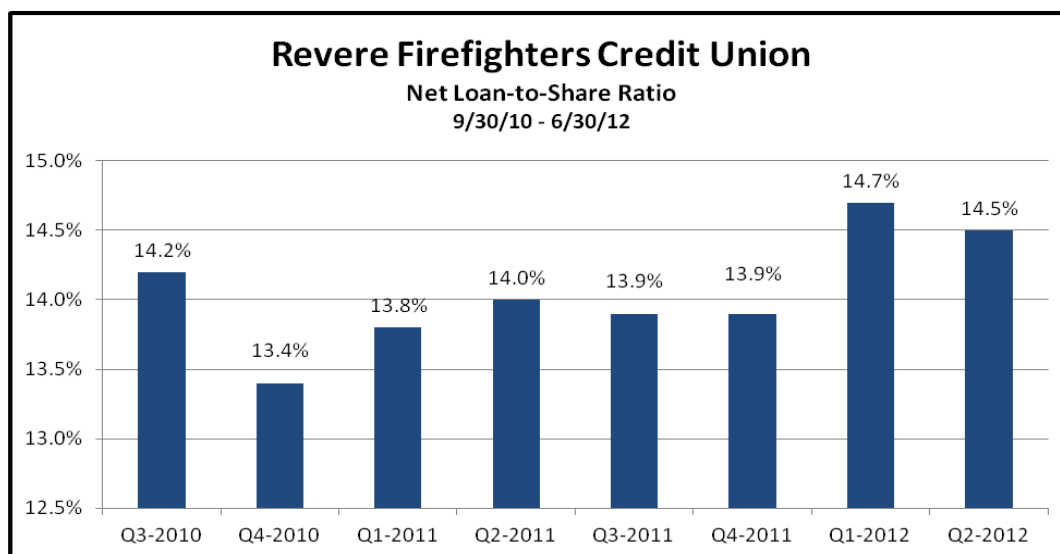
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Small Institution CRA evaluation procedures were utilized to assess the CRA performance. These procedures utilize the Lending Test. Since the Credit Union defined its assessment area as its membership, this evaluation considered the institution's performance pursuant to the following criteria: loan-to-share (LTS) ratio, lending to borrowers of different incomes, and record of taking action in response to CRA complaints and a fair lending review.

LOAN-TO-SHARE (LTS) ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness.

The Credit Union's net LTS ratio as of June 30, 2012 was 14.5 percent. The Credit Union's average quarterly net LTS ratio was 14.1 percent and was calculated by averaging the previous eight quarterly net LTS ratios between September 30, 2010 and June 30, 2012. As shown in the graph below, the net LTS ratio reached a high of 14.7 percent in March 2012 and a low of 13.4 in December 2010.



During the evaluation period, both loans and shares increased at similar rates. From the beginning of the period to the end, loans increased by 10.5 percent and shares increased by 8.0 percent. The manager of the Credit Union attributed the low net LTS ratio to members seeking loans elsewhere at more competitive interest rates. The manager also indicated, because the Credit Union offers favorable interest rates on shares, members utilize the Credit Union primarily as an institution for savings. This is shown in the deposit statistics maintained for credit unions. Revere Firefighters Credit Union's average shares per member stood at five times that of its peer credit unions for the quarter ended September 30, 2012. Even though members do utilize the Credit Union primarily for savings, a majority of the members are also utilizing the lending services. Compared to the peer average of approximately 38 percent, Revere Firefighters Credit Union had approximately 56 percent of its members borrowing from the Credit Union. The Credit Union only offers consumer loans, which by nature are lower in dollar volume. That, coupled with the atypically high level of share deposits contributes to the low ratio in this category.

Based on the foregoing information, the Credit Union's asset size, resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio is considered less than reasonable.

DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distribution of consumer loans by borrower income level was reviewed to determine the extent to which the Credit Union is addressing the credit needs of its members at all income levels. The Credit Union achieved an adequate penetration among borrowers of different income levels based on a comparison to the median family incomes for the Boston-Quincy, MA Metropolitan Division, which was estimated to be \$85,200 in 2010 and \$87,600 in 2011.

The distribution of families by income level for the Boston-Quincy MA MD was used as a point of reference although, as previously noted, the Credit Union's membership is not based on geography. As shown in the table below, the Credit Union's performance reflects an adequate penetration among members of different income levels (including low- and moderate-income).

Table 3 - Distribution of Loans by Borrower Income					
Median Family Income Level	2010		2011		Percent of Families
	#	%	#	%	%
Low	2	16.7	2	7.4	21.7
Moderate	3	25.0	6	22.2	17.1
Middle	6	50.0	17	63.0	21.6
Upper	1	8.3	2	7.4	39.6
Total	12	100.0	27	100.0	100.0

Source: Credit Union Loan Data for 2010 and 2011

In 2010, 16.7 percent of loans were made to low-income borrowers and 25.0 percent were made to moderate-income borrowers. In 2011, 7.4 percent of loans were made to low-income borrowers and 22.2 percent were made to moderate-income borrowers. Overall, 10.3 percent of loans were made to low-income borrowers and 23.1 percent were made to moderate-income borrowers. Important to note in this analysis is the category of low-income families includes those families with income below the poverty level (7.4 percent) and the professionals eligible for membership generally have a higher earning potential.

Because the Credit Union only makes loans to its members, the income relied upon in making the credit decision was that of one borrower. Comparing the member's income with the median family income potentially inflates the levels of lending to low- and moderate-income borrowers because the median family income typically includes the income of two individuals. In general, the distribution of loans by borrower income reflects the Credit Union's willingness to service all of its membership with suitable, accessible loan products.

RESPONSE TO CRA COMPLAINTS AND FAIR LENDING

The Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination.

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

Based upon a review of the Credit Union's performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified. The Credit Union approved all loan applications during the evaluation period. No practices that would result in disparate treatment were noted.

The Credit Union incorporates references to Fair Lending as part of its loan policies. Fair Lending is incorporated into the Credit Union's loan policy as part of its basic lending philosophy. The prohibited bases of Regulation B are expressly mentioned.

The Credit Union has a second review for denied loan applications. Any loan declined by the Credit Committee is sent to the Board of Directors for a second review. The Credit Union will make exceptions to the loan policy.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at 4 Freeman Street, Revere, Massachusetts 02110."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.